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JACKSONVILLE MAN INDICTED IN MORTGAGE FRAUD SCHEME

Jacksonville, FL - United States Attorney Robert E. O'Neill today announced the return of an indictment of Juan Carlos Gonzalez, a 50 year old resident of Jacksonville, charging him with conspiracy to commit wire fraud and bank fraud. The maximum penalties Gonzalez faces if convicted are 30 years of imprisonment and a fine of \$1,000,000. Gonzalez was arrested this morning and made his initial appearance in federal court this afternoon. He was released on \$10,000 bond and required to stay at home with electronic monitoring.

According to the indictment, during 2004 and 2005, Gonzalez negotiated the purchase of houses and entered into contracts with the sellers of the properties. For each property, Gonzalez retained an appraiser who appraised the property at a significantly inflated value requested by Gonzalez. At Gonzalez's direction, the inflated appraisal price was submitted to a lender in support of an application for a mortgage loan based upon the higher price. The lender was not informed that the price listed in the transaction documents was higher than the actual price negotiated with the seller.

The Indictment alleges further that at Gonzalez's direction, fraudulent financial documents and information, including such things as altered bank statements and payroll records, were submitted in support of the loan application. The false financial information was intended to cause the lender to approve a loan in a higher amount than would have

been approved if true financial information had been submitted.

At the closing on the property, Gonzalez received the difference between the loan amount, which was based on the inflated appraisal, and the actual purchase price, usually described with terms such as "assignment fee" or "payoff of second mortgage" that did not exist. This difference was the proceeds of the fraud.

The indictment provides details of one transaction in which Gonzalez entered into an agreement to purchase a house for \$490,000. He obtained an inflated appraisal of the house for \$625,000 and submitted first and second mortgage loan applications reflecting a sales price of \$625,000. Gonzalez also submitted altered bank account statements showing significantly larger cash balances in the account than were actually there. Based upon this information, the lender approved the loans. At the closing on the property, a check for \$134,000 was issued to an entity controlled by Gonzalez. This amount was listed on closing documents as an "Assignment of Contract Fee."

The case was investigated by the Federal Bureau of Investigation and will be prosecuted by Assistant United States Attorney Arnold B. Corsmeier.

An indictment is merely a formal charge that a defendant has committed a violation of the federal criminal laws, and every defendant is presumed innocent until, and unless, proven guilty.